

**TESTIMONY BEFORE  
PLANNING AND DEVELOPMENT COMMITTEE**

**PUBLIC HEARING REGARDING  
Various Bills Dealing with Relief from Unfunded State Mandates  
February 23, 2009**

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Senator Coleman, Representative Sharkey, members of the Planning and Development Committee, I welcome this opportunity to address you regarding the need by municipalities for relief from unfunded state mandates.

Since it is impossible within the allotted time to address all of these bills, I will address some key concerns contained in most of them.

**SB 373, HB 5583 and HB 5871** concern the disposition of possessions and personal effects from evicted tenants. All three bills have the same message. This issue is a private sector issue and should remain there. This burden should be removed from municipalities.

**SB 394, HB 5529, HB 5537, HB 5550, HB 5558, HB 5565, and HB 5869,** deal with the perennial issue of unfunded state mandates and the need to relieve municipalities from these burdens.

**Unfunded state mandates are the fiscal cancers in municipal budgets and they must stop.**

Thirty years ago when I was first elected to municipal public office a 2% tax increase would cause outrage! Today municipalities are forced to present budgets with 5% to 6% tax increases; many much higher! There are an increasing number of multi-referenda budget battles; these are unhealthy. We had more room for local initiatives when we had lower tax increases and fewer state mandates.

**HB 5526** concerns the issue dealing with in school suspensions. This bill proposes to delay implementation of this unfunded mandate until on or after July 1, 2012. Due to an outcry from local Boards of Education implementation has been delayed several times. I believe that it is time to recognize that this is not good law; it should be repealed, not just delayed, again! It is expensive, it is onerous, and it serves no real purpose other than to transfer parental responsibility to the local Board of Education.

**HB 6388, AN ACT PROVIDING MANDATE RELIEF TO MUNICIPALITIES,** actually deals with all of the issues included in the previous eleven and should be favorably recommended by this committee.

This bill goes deeper into the issues surrounding unfunded mandates. I would like to touch on just one . . . Binding Arbitration!

**This bill** raises the threshold of budget reserves that are not available for payment of cost of any item subject to arbitration from 5% to 10%. This is a good initiative!

The current language is counterproductive to sound fiscal management. The American Institute of Certified Public Accountants and the Government Finance Officers Association, as well as most municipal auditors recommend that the municipality should maintain a reserve between 10% and 15%. They recommend this, quite frankly, because of the uncertainty of the state budgetary process and the resultant uncertainty of state aid to municipalities.

As important, these reserves play a major role with bond rating agencies. Many of you have served as municipal CEO's and are quite familiar with this process. Hopefully, you will be sympathetic to this need.

Unfortunately, current statutes penalize the municipality during labor negotiations.

Raising these thresholds is imperative if municipalities are to maintain strong fiscal positions and strong bond ratings.

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Finally any legislation dealing with unfunded state mandates to municipalities must have a provision that requires a two thirds majority of both houses to enact them. This is imperative!

Currently it is far too easy for these mandates to be enacted; as a result, too many have become law.